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State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

April 23, 2012

Eric Flippo
Cornerstone Industries, Inc
117 Bernal Road #70-301
San Jose, CA 95119

Subject: Surety Required for Transfer of Notice of Intention (Form MR-TRS), Cornerstone Industries, Inc.
Highland Mist Mine, S/021/0035, Iron County, Utah

Dear Mr. Flippo:

On April 13, 2012, the Division received an Application for Transfer of Notice of Intention for the Highland Mist Mine (S/021/0035) from Anasazi Gold Reserves, Inc, to Cornerstone Industries, Inc. Before final approval of the transfer of this permit can be granted, the items below need to be addressed:

1. A reclamation surety in the amount of \$56,200 (3 -yr escalation) or \$58,300 (5-yr. escalation).
The surety amount was calculated as follows:

3-year escalation (2014)			
Item	Qty	Unit Cost	Total Cost
1st Acre Disturbance	1	\$7,900.00	\$7,900.00
Add'l Acres Disturbance	9	\$4,700.00	\$42,300.00
Add'l equipment mob (over 5 acre)	1	\$3,000.00	\$3,000.00
Scale Removal	1	\$2,000.00	\$2,000.00
Revegetation of excess disturbance	1	\$1,000.00	\$1,000.00
TOTAL			\$56,200.00
5-year escalation (2016)			
Item	Qty	Unit Cost	Total Cost
1st Acre Disturbance	1	\$8,200.00	\$8,200.00
Add'l Acres Disturbance	9	\$4,900.00	\$44,100.00
Add'l equipment mob (over 5 acres)	1	\$3,000.00	\$3,000.00
Scale Removal	1	\$2,000.00	\$2,000.00
Revegetation of excess disturbance	1	\$1,000.00	\$1,000.00
TOTAL			\$58,300.00

Please contact the bonding coordinator, Penny Berry at (801) 538-5291 or bondcoordinator@utah.gov to obtain the appropriate bond forms. If a cash bond is used, the check should be made out to the Utah State Treasurer. A tax ID number also needs to be provided.

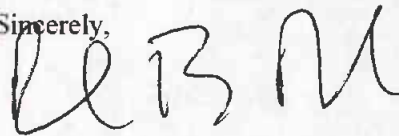


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Eric Flippo
Cornerstone Industries, Inc.
S/021/0035
April 24, 2012

2. The signature page of NOI Replacement pages needs to be properly signed (copy attached).

If the above information is not received within 45 days of this letter, including reclamation surety, the transfer will be denied and a new application will need to be submitted. If you have questions regarding this letter, please contact me at (801) 538-5261.

Sincerely,

A handwritten signature in black ink, appearing to read 'P. Baker'.

Paul Baker
Minerals Program Manager

PBB:lk:pb
Attachment: Signature page
cc: Will Stokes, SITLA (wstokes@utah.gov)
P:\GROUPS\MINERALS\WP\M021-Iron\S0210035-HighlandMist\final\trans-def-4783-04232012.doc